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## **National Intelligence Daily**

Wednesday 1 February 1984

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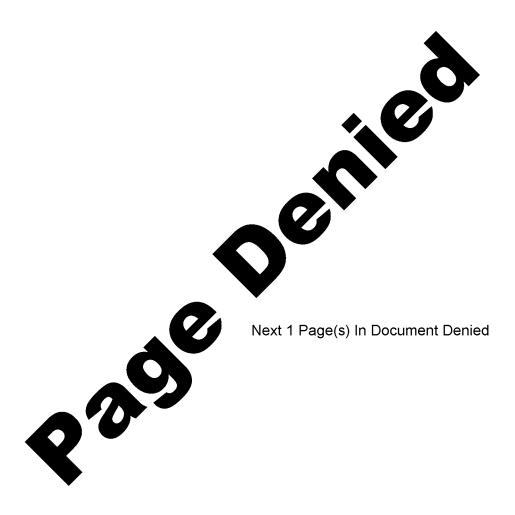
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CANADA-US-NATO: Trudeau Criticizes Policy		
Canada's commitment to NATO almost certainly renunchanged, despite Prime Minister Trudeau's criticism of NATO defense policy.		25X1
At an international management conference in Dave Switzerland, on Saturday, Trudeau questioned the cred US commitment to use nuclear weapons in defense of VEurope. He also said that NATO warheads are being re Europe primarily because they are "obsolete" or are not essential to NATO strategy. Trudeau hinted that a reviet dual track policy on arms limitations may be appropriate	libility of the Western moved from o longer ew of NATO's	25 <b>X</b> 1
Ottawa subsequently issued a statement saying that Minister had merely broached ideas that are being discovarious experts on international security. It said that his not reflect any change in Canada's support for the Allia	cussed by s remarks do	25 <b>X</b> 1
<b>Comment</b> : Trudeau has been careful to adopt a ba approach in his peace efforts and to maintain Canada's of NATO policies.		25 <b>X</b> 6
		25 <b>X</b> 6
Trudeau is frustrated, however, that his peace initial gained more international support. He may have hoped invitation from Moscow, but he would not want to risk a Washington.	l to elicit an	25X1
Although initial reaction in the Canadian press has Trudeau probably will receive some support from compolitical supporters, and sections of the public who see an attempt to revive stalled East-West arms control tall to the domestic political considerations, his initiative structure commitment to disarmament and from the deeply held Canadians that it is proper for their country to serve as mediator in international affairs.	nentators, his remarks as ks. In addition ems from his belief of many	25 <b>X</b> 1



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PHILIPPINES: Demonstration in Manila	
The demonstration in Manila yesterday, which the US Embass	sv
says involved more than 100,000 protesters, could strengthen	
opposition calls for a boycott of the National Assembly elections May. The demonstrators turned out to support several hundred	in
participants in a marathon run in memory of Benigno Aquino, after	er e
the military had refused to allow them to enter Manila on Saturda The antigovernment demonstration was one of the largest since	ı <b>y</b> . 2
Aquino's assassination.	_
Comment: Government officials probably had hoped that	
stopping the run would head off opposition activity aimed at	

stopping the run would head off opposition activity aimed at discrediting the plebiscite on 27 January, which approved new election rules and presidential succession procedures. The voter turnout for the plebiscite was low—estimated at between 30 and 60 percent of eligible voters. President Marcos clearly misjudged public reaction to stopping the memorial run and thereby provoked the large demonstration.

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SURINAME: New Pressures on Bouterse		
Disagreements among key interest groups over pow	er sharing	
have delayed the formation of an interim cabinet to repla	ace the	
government of Prime Minister Alibux that resigned on 8 According to the US Embassy	January.	25 <b>X</b> 1
business and labor leaders are putting pressure on Army	Commander	
Bouterse to exclude former government members and r	adical	
advisers from the cabinet and to give assurances on the democracy.	restoration of	25 <b>X</b> 1
democracy.		25X1
		25/1
Comment: Doutovoo's willingness to compression de	wing the	
<b>Comment:</b> Bouterse's willingness to compromise du bauxite strike apparently has encouraged business and		
to push for moderation. Bouterse lacks any popular supp	ort and faces	
a deteriorating economy, and he recognizes a need for t	•	
of the business sector and the political backing of the up the participation of these groups in a new government, h		0EV1
will make some accommodations. Bouterse would not a	gree to any	25X1
compromise, however, that would reduce his personal p	ower.	25 <b>X</b> 1
		25 <b>X</b> 1

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SOUTH AFRICA: Announcement on Nuclear Safeguards	
The government announced yesterday that in the futur require recipients of South African nuclear material, equipment technology to adhere to international safeguards. It also saprepared to resume discussions with the International Atom Agency on placing safeguards on a semicommercial uraniu enrichment plant that is under construction.	nent, and iid it is nic Energy
Comment: The announcement contains no indication of Pretoria will accept international safeguards on its other not facilities, or sign the Nuclear Non-Proliferation Treaty. Prefered to take such steps on the grounds that to do so we compromise South Africa's technological advances and impresearch and development. The announcement suggests, I that South Africa wants to reassure critics that it will not dinternational guidelines concerning the spread of nuclear tradaptable to military purposes. Pretoria's critics in other A	uclear oria has ould pede its nowever, efy echnology
countries, however, are unlikely to be reassured by the announcement.	25X1
USSR-ROMANIA: Oil Agreement	
The Soviets and the Romanians announced—just before Minister Gromyko arrived in Bucharest on Monday—that the will provide Romania with oil on a barter basis. The US Embucharest earlier reported that approximately 1.3 million of oil, or nearly 15 percent of Romania's projected imports 1984, will be delivered in the first half of the year, mainly infor agricultural goods. Bucharest has purchased equivalent of Soviet oil in the past for either hard currency or hard go	he USSR abassy in netric tons s of oil for a exchange t amounts oods and at
world market prices. In each of the past two years, however fell to less than 500,000 metric tons.	er, volumes 25X1
Comment:  Romania may purchase the oil at the intra-CEMA price for time, this price no longer differs from the world price. The agreement will be of little benefit to Romania, because it no	new

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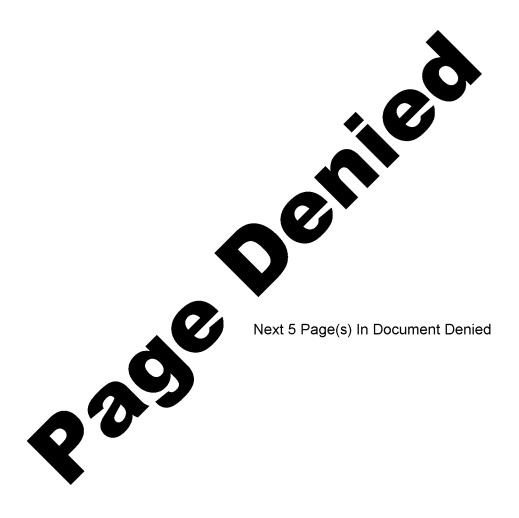
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have to ship to the USSR goods that it otherwise could sell for cash in

the West.

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USSR-INDOCHINA: Impending Visit of Soviet Officia	I	
Deputy Foreign Minister Kapitsa will visit Vietnam, Kampuchea between 6 and 16 February, according to a official in Moscow. Last week the Thai Foreign Ministe that Kapitsa also will visit Bangkok during his trip. This third tour of the area since he assumed responsibility matters more than a year ago. It will be his second trip Thailand.	a Thai Embassy r announced s is Kapitsa's for East Asian	25X1
Comment: The timing of the trip—just before the Sino-Soviet talks in Moscow—suggests its primary purdiscuss the Kampuchea issue with the Vietnamese and Kapitsa is unlikely to push Hanoi to make concessions moved from refusing to "discuss" Kampuchea to decli "resolve" the issue in the course of the first three rour Soviet talks. Kapitsa took office promising to pay more his predecessor to the non-Communist countries in As	rpose is to d the Thai. s. Moscow has ining to nds of Sino- e attention than	
he has yet to fulfill.	SEAN, a pieuge	25 <b>X</b> 1
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Special Analysis	
VENEZUELA: The New Administration	
President Lusinchi takes office tomorrow at a time of severe economic strain, and his government's success in reinvigorating the economy will be crucial to political stability. Although Lusinchi's landslide victory in December and a weakened opposition will assist him in devising an economic program, his willingness to adopt necessary austerity measures will be tempered by a desire to placate labor. He also will resist a formal IMF program. In foreign policy, Lusinchi probably will continue his predecessor's policy of restrained criticism of Nicaragua's Sandinistas, but he will be less inclined to cooperate with the US in El Salvador.	25 <b>X</b> 1
Lusinchi replaces an administration that was widely discredited because of its economic policies. He is aware, however, of the need to persuade the private sector to reinvest and labor to forgo major wage demands.	25X1
The private sector has praised his selection of a businessman as Minister of Finance, but Minister of Planning Matos Azocar is likely to be the dominant economic policymaker. Matos Azocar has close ties to labor, and he is a strong proponent of state intervention and deficit spending. Lusinchi's gratitude to the labor wing of his party for helping him secure the presidential nomination strengthens the likelihood that he will adopt expansionary economic policies.	25X1
The most urgent problem facing Lusinchi will be servicing Venezuela's \$36 billion debt, of which \$29 billion is contracted by the government and \$7 billion by the private sector. Creditor banks have insisted that \$700 million in overdue interest on private debt be paid by the government as a precondition for refinancing the \$18.4 billion in public sector debt coming due by the end of 1984.	25X1
Some banks have tried to make renegotiation of Venezuela's debt contingent on acceptance of an IMF-approved adjustment program, but Lusinchi recently told US officials that strict adherence to IMF guidelines would cause domestic turmoil. As a result, he is unlikely to go beyond seeking an unofficial IMF endorsement of a self-imposed austerity program. Such a program probably would include a gradual devaluation, some budget cutbacks to reduce large government deficits, and the continuation of import restrictions to avert cash	25X1
problems.	,

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The Political Environment		
Lusinchi and his Democratic Action Party will have breathing room because his chief opponents, the Social have a greatly reduced presence in the Congress. The their election defeat has intensified internal factionalism months ahead Social Christian leaders are likely to focustruggle for control of the party.	al Christians, magnitude of n, and in the	25 <b>X</b> 1
The Movement Toward Socialism, the largest leftist failed to make headway in the election. Leaders of this refused to join in a unified leftist slate for the coming numbers and the elections, thus reinforcing the image of a dividence of the elections.	party have ationwide ided left.	
Lusinchi probably would have to stumble badly to prov openings for the left.	ide serious	25 <b>X</b> 1
In the short term, the new President's biggest worr		
controlling his own party, particularly in view of doubts leadership abilities. Lusinchi apparently viewed the received		
former President Perez to arrange a meeting of the Society	cialist	2514
International in Caracas during the inauguration as an e	ariy challenge.	25 <b>X</b> 1
Lusinchi demonstrated his toughness by canceling Perez has considerable grass-roots appeal, however, a continue to promote populist policies at home and lefty democratic initiatives abroad in his quest for the president	nd he will ving social	25X1
Foreign Policy		
Lusinchi has emphasized that he intends to play an policy role. He is widely believed to be antagonistic tow to share the anti-Communism of his party's old guard.		25 <b>X</b> 1
The new President, however, has limited experienc relations. He will have to fend off his closest adviser, for Minister Consalvi, who already has publicly advocated	ormer Foreign	
relations with Cuba. Lusinchi has assured US officials t such plans.		25X1
Cuba, however, is likely to follow up its successful exchange ambassadors with Ecuador by continuing to Colombia and Venezuela. If Bogota should override strand military opposition to upgrading relations in the methe Venezuelans might feel compelled to follow suit.	cultivate ong political	25X1
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Lucioski will continue Venenuelele medenate etenee	within the	
Lusinchi will continue Venezuela's moderate stance Contadora group. He has told US officials that his gover		
oush the Sandinistas to establish a pluralistic democrac	y and that he	
approves of his predecessor's decision to withhold oil de Nicaragua settles its debt.	eliveries until	25 <b>X</b> 1
vical agua settles its debt.		25 <b>X</b> 1
the US Embassy reports that in mid-Jan		23/1
old a leading member of the Salvadoran insurgents' civ group that Venezuela could not accept another Marxist g		
Central America. Lusinchi is on record, however, as favo	oring a	
negotiated settlement in El Salvador. He believes that su would split the guerrillas.	ich a process	25X1
Like most leaders of his party, Lusinchi is said to ho Salvador's Napoleon Duarte in low esteem because of the		
Salvadoran President's close ties to Venezuelan Social (		
Even if Duarte were to win the election next month in El		2571
l usinchi probably would want to koop him at arm's lang	TP	1 1) L V 1

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